

PROCEEDINGS OF THE ST. CLOUD ECONOMIC DEVELOPMENT AUTHORITY BOARD

A meeting of the St. Cloud Economic Development Authority Board was held on October 5, 2011, at 11:30 a.m. in City Hall Conference Room 1. Members present were Euerle, Gruenes, Lawson, Lenzmeier, and Libert. Siyad was absent. Staff present were Mehelich, Campion, and Norman.

Approval of Minutes: Lenzmeier moved to approve the minutes of the September 7, 2011 meeting. The motion was seconded by Libert and carried unanimously.

Approval of August 31, 2011 EDA Revenue/Expenditure Report: John Norman, Finance Director, noted that the line item, "Other Monies," on the Revenue page refers to CDBG revenue. He explained that when the Economic Development budget was drafted, CDBG was included. Since that time, CDBG is in a separate fund. Norman pointed out that it was anticipated that the Director position would be funded for the entire year which explains the full year salary included on the Expenditure page. He explained that the Brimeyer Fursman executive director search was added into the Professional Services category which exceeded the proposed budget. Future budgets should be much more accurate. Norman pointed out that at the end of August, 57% of the budget remained; therefore, the year should end well from a cash flow standpoint. The cash balance at the end of August was \$103,000. It will be spent down and then replenished in December. Chairperson Gruenes noted that several months ago the Board requested approval by the City Council of an approximate \$330,000 budget supported entirely by a levy. Norman stated it would be similar to the original budget for this year. The one major difference is that the 2012 budget will include the dues for the GSCDC. Mehelich added that another large expenditure is for the legal and financial advisor.

Those costs are paid upfront, and Economic Development is reimbursed through the TIF and tax abatement. Euerle asked if an unused balance at year end goes into a separate line item for the following year. Norman stated that it goes into a cash balance for the following year. Lenzmeier asked the dollar amount for membership dues for the GSCDC. Mehelich answered that \$40,000 was budgeted for 2012. Euerle moved to approve the August 31, 2011 EDA Revenue/Expenditure report. Lenzmeier seconded the motion, and it carried unanimously.

Update on Economic Development Strategic Planning Meetings: Mehelich stated that the Strategic Planning meetings will be held on Thursday, November 3, from 5 p.m. to 9 p.m., and on Friday, November 4, from 8 a.m. to 4 p.m. at the SCSU Welcome Center. These meetings will be open to the public. An invitation has been sent out to key stakeholders. More background information from Brimeyer Fursman will be mailed to the Board members prior to those meetings. Chairperson Gruenes stated that if the Board has questions or comments on the additional information, they should be directed to Mehelich.

Approve Resolution Authorizing the Pledge of Increments from TIF District No. 42: Norman stated that the EDA Board took action on these TIF's earlier this year when Westwood Phase II was not built out according to the bond schedule. There was a deficit in that TIF District but a surplus in the TIF District for Phase I. At that time, the Board approved the pooling of funds to eliminate the deficit in Phase II. Norman explained that the bond issued in 2011 for Westwood Phase I was for infrastructure. Currently, the interest rates for public general obligation bonds are very low. Chairperson Gruenes asked the current interest rate and the cost of refunding. Norman responded that the cost of refunding is approximately \$50,000 to \$60,000. Those numbers are included in the present value savings of \$250,000. The current projected savings over the life of the bonds is \$307,500. The bonds will mature in 2028. Norman noted that the interest rate savings would be substantial. Libert moved to approve the "Resolution Authorizing the Pledge of Increments from Tax Increment Financing District No. 42." The motion was seconded by Lenzmeier. Chairperson Gruenes asked if the City looks at private placement rather than using bond counsel with its associated

expenses. Norman answered that private placement usually works well on unique cases where the City does not qualify for general obligation; however, utilizing bond attorneys and financial advisors for general obligation bonds is justified because of the low interest rates. Euerle asked if financing costs are paid up front or spread out over the remaining term of the bond. Norman answered that it is an upfront cost. The motion to approve the resolution carried unanimously.

Director's Report: Mehelich stated that she is currently working with six prospects as another two have been added in the last month. One is a manufacturing company, and the other is a call center. A site visit has been scheduled for next week for the out of state company. Relative to expansion prospects, a couple more companies have expressed an interest bringing the total to 10. Mehelich said she is responding to some of the issues raised by the existing manufacturing prospects by making connections and building relationships with them, working with companies on infrastructure needs, e.g. electrical service, rail service; and connecting employers with work force resources. Another concern of these companies is the need for capital expenditures and reinvestment in their companies.

Mehelich noted that members from City staff, St. Cloud Opportunities, and the GSCDC will be meeting with the Airport Business Park partners on Friday, October 7.

Mehelich said other ongoing tasks are preparing for the Strategic Planning meetings; evaluating funds available through the 2010 TIF jobs bill; and working with John Kramer, CEO of the GSCDC.

Euerle questioned if there has been any progress with any of the prospects. Mehelich responded that one prospect postponed expansion plans until the spring of 2012; one is evaluating other sites in the area; one has scheduled a site visit, and the other three are evaluating different sites with information provided to them by staff. Lenzmeier asked about the status of the St. Cloud Airport. Chairperson Gruenes informed the Board that the City was awarded a \$750,000 grant to be used to ensure profitability for an air carrier that may choose to operate at the St. Cloud Airport for a certain period of time. The grant period is three years. He stated that John Kramer, GSCDC CEO, has

experience in attracting air carriers and has participated in several meetings with Airport Director Bill Towle. Meetings are scheduled with the Mayor next week. The GSCDC will provide a leadership role in attracting air service to St. Cloud. Lenzmeier asked if there has been any further discussion about forming a consortium of counties for the airport. Libert said he does not foresee that happening for a couple years. Gruenes stated that a regional airport commission is still being discussed. Mehelich said airport service has been part of discussions with larger companies that fly in their corporate representatives. Lawson asked if there is currently freight service to the airport, and Gruenes said there is not. Mehelich commented that freight service is another issue that will be addressed by the GSCDC.

Adjournment: There being no further business, the meeting was adjourned at 12:10 p.m.

Vicki Perske, Secretary